International Mogul Mines Limited

ANNUAL REPORT

File

December 31, 1979

Directors

M. P. Connell, Toronto, Ontario
Chairman of the Board of the Corporation and Conwest Exploration Company Limited

C. C. Coolican, Toronto, Ontario
Executive Vice-President of the Corporation and Conwest Exploration Company Limited

D. J. Hains, Toronto, Ontario
President, Lurgi Canada Limited

J. C. Lamacraft, Toronto, Ontario
President of the Corporation and Conwest Exploration Company LImited

R. D. H. Thorburn, Toronto, Ontario
President, Venus Custom Products Limited

Officers

M. P. Connell, Chairman of the Board

J. C. Lamacraft, President and Chief Executive Officer

C. C. Coolican, Executive Vice-President

J. A. Kalman, Vice-President

S. L. Koroluk, Vice-President, Production, Oil and Gas Division

J. T. McCoy, Vice-President, Exploration, Oil and Gas Division

C. K. O'Connor, Vice-President, Exploration and Development

J. A. Patterson, Vice-President and Secretary

J. S. Adams, Treasurer

The Year at a Glance

	1979	1978
Net Income	**$ 8,115,000**	$ 4,568,000
Earnings Per Share	**$3.14**	$1.72
Working Capital	**$18,039,000**	$14,893,000
Per Share	**$6.84**	$5.71
Total Assets	**$36,969,000**	$29,637,000
Common Shareholders' Equity	**$20,625,000**	$12,564,000
Per Share	**$8.26**	$5.09

Auditors
Thorne Riddell, Toronto, Ontario

Counsel
Davies, Ward & Beck, Toronto, Ontario
McCarthy & McCarthy, Toronto, Ontario

Transfer Agent and Registrar
Guaranty Trust Company of Canada, Toronto

Bankers
The Toronto-Dominion Bank, Toronto, Ontario

Listing
The Toronto Stock Exchange

Head Office
85 Richmond Street West,
10th Floor,
Toronto, Ontario
M5H 2G1

Calgary Office
3rd Floor, Selkirk House,
555 4th Avenue S.W.,
Calgary, Alberta

Annual Meeting
1:30 p.m.
June 6, 1980
Rosedale Room,
Hotel Plaza II,
90 Bloor Street East,
Toronto, Ontario

Directors' Report to the Shareholders

To the Shareholders,
International Mogul Mines Limited.

Your directors are pleased to present your Company's Annual Report for 1979.

Financial

1979 was a successful year for the Company. Consolidated net income for the year amounted to $8,115,000 or $3.14 per common share as compared to $4,568,000 or $1.72 per common share in 1978. Book value of total assets increased to $36,969,000 from $29,637,000 in 1978. Working capital together with the quoted value of marketable securities increased by $12,100,000 to $33,100,000. At year-end the quoted market value of investments was $4,100,000 in excess of book value.

Oil and Gas Interests

During 1979 the Company continued to concentrate on expanding its oil and gas production and exploration interests. The main objective of concluding a significant reserve acquisition to augment the Company's existing interests unfortunately was not achieved. However, several small acquisitions were concluded in 1979. The Company's working interest reserves at year-end were 24.965 billion cubic feet, an increase of 20.6% over year-end 1978. Natural gas production and cash flow from operations for the year were about as anticipated. Approximately 40% of the Company's reserves remain shut-in awaiting markets. As these shut-in reserves are brought on stream cash flow from the existing reserve base should rise to approximately $2,500,000 per annum. Reserves developed through the Company's expanding exploration efforts and through further acquisitions will increase this potential cash flow substantially.

Conwest and Mogul have agreed (existing interests excepted) to share oil and gas exploration expenditures on an equal basis. A joint exploration budget of at least $10,000,000 over the next three years is anticipated inclusive of exploration funds to be expended through Polaris Petroleums Ltd. of Calgary. Conwest and Mogul concluded an agreement in late 1979 to jointly participate to the extent of 10% in an $11,000,000 private oil and gas drilling fund sponsored and managed by Polaris and the two companies and Polaris have further agreed to share all prospects on an optional basis to the extent of 25% through to December 31, 1981.

Mineral Exploration

The Company participated to the extent of 18% in the Conwest managed general exploration programme, with total expenditures for the year amounting to $1,200,000. Projects of particular merit included base metal prospects in the Yukon and New Brunswick. In the former, a joint venture with Essex Minerals Company, over 8,000 feet of diamond drilling was carried out to further test a massive sulphide target located in 1978. Encouraging values in zinc, lead and silver were obtained. Early in 1980 an agreement was reached with Getty Canadian Metals, Limited to further explore the property. The Conwest Group participants have recovered their exploration costs to date and retain a 5% net smelter return royalty on the 51% interest assigned to Getty. Several properties in the Bathurst area of New Brunswick were actively explored in 1979, including limited diamond drilling. Subsequent to year-end, Brunswick Mining and Smelting Corporation Limited agreed to undertake further exploration of several of these properties with the Conwest Group retaining either a working interest or a carried interest once certain expenditure levels have been reached.

The Company participates to the extent of 35% in the Conwest Group's 12.5% equity and 3% gross production royalty in the Conwest Canadian Uranium Exploration Joint Venture now managed by Eldorado. Total expenditures in 1979, including contributions by Saskatchewan Mining Development Corporation and Denison on the Saskatchewan properties reached $2,750,000. No significant new uranium occurrences were located in Saskatchewan; however, detailed ground prospecting has defined the probable source of one of several uranium boulder trains located on the Joint Venture's northern Quebec permits. Drilling of these permits originally planned for 1979 will commence before break-up in 1980.

The Company is continuing to maintain its interest in mineral deposits which have potential for future production. These include the Lake Ainslie barite-fluorite property on Cape Breton Island, for which a marketing study is planned in 1980, the Langmuir Township, Timmins, Ontario nickel prospect, and the Dyno and Lorado former uranium producing properties at Bancroft, Ontario and Beaverlodge, Saskatchewan, respectively.

Consolidated Canadian Faraday Limited

During the year the Company increased its equity in Consolidated Canadian Faraday Limited from 5% to 28% of which 12% was acquired from Conwest and a related company. Faraday has a diversified asset base consisting of uranium and natural gas production interests, mineral exploration prospects and interests (gold, base metal, iron) and minor real estate holdings.

The principal asset of Faraday is its 49% interest in Madawaska Mines Limited which company operates a uranium mine near Bancroft, Ontario. During 1979 Madawaska produced 605,533 lbs. of U_3O_8 from 390,366 tons of ore milled. Faraday's equity in the net income of Madawaska for the year was $2,550,000 as compared to $2,950,000 in 1978; the 1979 decline in earnings being attributable to timing differences in sales contracts. Cash flow from operations for Madawaska after capital replacements and mine development was $7,050,000 during 1979 and late in the year the original production financing was retired.

The natural gas interests of Faraday consist of an 11% interest in an 18 section shallow gas field in the Redcliffe area of Alberta. A total of 56 wells have been drilled and completed and are currently on production with an additional seven wells planned for 1980. Net natural gas production income to Faraday in 1979 approximated $150,000.

Recently a plan of reorganization has been approved in principle whereby effective June 1, 1980 Faraday would convert its 49% equity in the capital of Madawaska Mines Limited to a 49% joint venture interest in the mining operation. The reorganization will facilitate corporate planning for both Faraday and Federal Resources Limited, the mine operator, by permitting both parties direct access to operating cash flows from the mine.

Sale of Griffith Mine Royalty

Late in the year the Company sold the Griffith Mine royalty. The sale was considered attractive as the prevailing royalty yield of approximately 7.5% on the sale price of $5,120,000 was well below a threshhold yield appropriate for long-term investment. The net gain to Mogul on the sale was $2,677,000.

General

During the year as part of a reorganization and simplification of the Conwest group structure your Company's 15% minority shareholdings in Chimo Gold Mines Limited and 12% minority shareholding in Consortina Incorporated were sold to Conwest. Concurrently, Mogul acquired from Conwest and a related company the 12% interest in Consolidated Canadian Faraday Limited which is referred to above.

The strong earnings performance and asset growth of the past two years have strengthened the Company's asset base and its financial capacity to undertake new investments. Portfolio investment has made a major contribution to this improved position and will continue to be an important factor in asset growth. A significant expansion of the Company's oil and gas interests through reserve acquisitions and through increased exploration exposure is the main priority for 1980.

Management will remain alert to exploration and development and acquisition opportunities in the minerals sector.

On behalf of the Board

M. P. CONNELL,
Chairman

J. C. LAMACRAFT,
President and Chief Executive Officer

Toronto, Ontario,
April 17, 1980.

Oil and Gas Interests

Summary of Proven and Probable Gas Reserves:

	Working Interest Reserves (mcf) Dec. 31, 1978	Dec. 31, 1979
Proven reserves	18,160,000	20,910,000
Probable reserves	2,546,000	4,055,000
	20,706,000	24,965,000

Forecast Net Cash Flow after Operating and Capital Expenditures and Royalties
(Independent Appraisal)

	Undiscounted	Discounted At 15%
Proven reserves	$43,292,000	$13,029,000
Probable reserves	8,865,000	1,529,000
	$52,157,000	$14,558,000

Summary of Operating Results

	1978	1979
Oil and gas revenues, net of royalties	$ 1,245,000	$ 1,396,000
Deferred income under take or pay provision of gas contracts	80,000	194,000
	1,325,000	1,590,000
Operating expenses	227,000	231,000
Cash flow from operations	$ 1,098,000	$ 1,359,000

The reserve and forecast future cash flow information is derived from an independent consultant's report prepared for the Company as at December 31, 1979. Reserves have been assigned to twelve properties, of which seven are presently under contract and on production. These properties are all located in the Province of Alberta.

Proven and probable reserves increased by 20.6% (or 4,259,000 mcf.) from year end 1978 after production of some 890,000 mcf. during the year. This increase results from the proving up of additional reserves on the Company's Alberta holdings, through development drilling, and several small reserve acquisitions concluded in 1979.

Consolidated Balance Sheet — December 31, 1979

ASSETS

	1979	1978
Current Assets		
Cash, term deposits and commercial paper (note 5)	**$17,830,000**	$14,970,000
Accounts receivable	**1,424,000**	1,182,000
	19,254,000	16,152,000
Investments, quoted market value $15,087,000 (1978, $6,120,000) (note 3)	**10,986,000**	6,235,000
Oil and Gas Interests (note 4)	**6,692,000**	4,677,000
Mineral Resource Interests		2,533,000
Mineral Exploration Interests	**1,000**	1,000
Other	**36,000**	39,000
	$36,969,000	$29,637,000

LIABILITIES

	1979	1978
Current Liabilities		
Dividends payable	**$ 77,000**	$ 87,000
Accounts payable and accrued liabilities	**1,138,000**	1,172,000
	1,215,000	1,259,000
Interest of Minority Shareholders (note 5)	**10,000,000**	10,028,000
Shareholders' Equity		
Capital Stock (note 6)	**16,288,000**	16,858,000
Contributed Surplus	**2,288,000**	2,092,000
Retained Earnings	**8,026,000**	248,000
	26,602,000	19,198,000
Cost of Common Shares Acquired (note 6)	**848,000**	848,000
	25,754,000	18,350,000
	$36,969,000	$29,637,000

Approved by the Board

M. P. CONNELL, Director
J. C. LAMACRAFT, Director

CONSOLIDATED STATEMENT OF INCOME
Year ended December 31, 1979

	1979	1978
Revenue		
Interest and dividends	$ 2,254,000	$ 1,268,000
Oil and gas production	1,396,000	1,245,000
Gain on investments	2,978,000	2,278,000
Gain on sale of mining interests	3,669,000	678,000
Royalty income	329,000	35,000
	10,626,000	5,504,000
Expenses		
Administrative	684,000	411,000
Mineral exploration (note 1(b))	231,000	227,000
Oil and gas production	231,000	227,000
Corporate	74,000	95,000
Depletion, amortization and depreciation	395,000	292,000
	1,615,000	1,252,000
Income before undernoted	9,011,000	4,252,000
Share of loss of companies accounted for on the equity basis (note 7)	125,000	
	8,886,000	4,252,000
Interests of minority shareholders in income of subsidiaries	771,000	434,000
Income before extraordinary item	8,115,000	3,818,000
Recovery on investment in Coldstream Mines Limited		750,000
Net income for the year	$ 8,115,000	$ 4,568,000
Earnings per share (note 6)		
Income before extraordinary item	$3.14	$1.41
Net income for the year	$3.14	$1.72

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
Year ended December 31, 1979

	1979	1978
Retained earnings (deficit) at beginning of year		
As previously reported	$ 2,407,000	$ (1,823,000)
Adjustment arising from change in method of accounting for mineral exploration interests (note 1(b))	(2,159,000)	(2,148,000)
As restated	248,000	(3,971,000)
Net income for the year	8,115,000	4,568,000
	8,363,000	597,000
Preference share dividends	337,000	349,000
Retained earnings at end of year	$ 8,026,000	$ 248,000

CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS
Year ended December 31, 1979

	1979	1978
Contributed surplus at beginning of year	$ 2,092,000	$ 2,078,000
Contributed surplus arising from the purchase of preference shares for cancellation	196,000	14,000
Contributed surplus at end of year	$ 2,288,000	$ 2,092,000

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
Year ended December 31, 1979

	1979	1978
Working capital derived from		
Operations	$ 2,617,000	$ 1,599,000
Disposal of investments and reduction in advances	8,781,000	9,931,000
Disposal of mining interests	6,286,000	668,000
Proceeds on disposal of oil and gas interests	346,000	1,170,000
Issue of common shares	86,000	
Issue of preference shares by a subsidiary		10,000,000
Recovery on investment in Coldstream Mines Limited		750,000
	18,116,000	24,118,000
Working capital applied to		
Acquisition of mineral resource interests		2,542,000
Investments	10,732,000	8,631,000
Oil and gas interests	2,670,000	669,000
Preference share dividends	337,000	349,000
Preference share dividends of subsidiary	771,000	434,000
Cost of preference shares purchased for cancellation	460,000	26,000
	14,970,000	12,651,000
Increase in working capital	3,146,000	11,467,000
Working capital at beginning of year	14,893,000	3,426,000
Working capital at end of year	$18,039,000	$14,893,000

AUDITORS' REPORT

To the Shareholders of
International Mogul Mines Limited

We have examined the consolidated balance sheet of International Mogul Mines Limited as at December 31, 1979 and the consolidated statements of income, retained earnings, contributed surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change, with which we concur, in the method of accounting for mineral exploration interests as described in note 1(b), on a basis consistent with that of the preceding year.

Toronto, Canada
April 10,1980

Thorne Riddell & Co.
Chartered Accountants

Notes to Consolidated Financial Statements

Year ended December 31, 1979

1. Summary of Significant Accounting Policies

(a) Long-term Inter-corporate Investments

(i) Consolidated subsidiaries

The consolidated statements include the accounts of the Corporation and its subsidiaries, the principal ones being:

	Mogul equity in common shares
Canadian Vendbar Industries Limited	100%
I. M. M. Ventures Limited	100%
International Mogul Mines (Alberta) Limited	100%

(ii) Companies subject to significant influence

The Corporation's investment in companies in which it has significant influence is accounted for on the basis of cost plus the Corporation's net equity in undistributed earnings of such companies since the date significant influence was acquired. The companies accounted for on the equity basis are as follows:

	Mogul equity in common shares
Consolidated Canadian Faraday Limited	28%
Israel Continental Oil Company Limited	34%
Thorncrest Explorations Limited	29%
New Mount Costigan Mines Limited	34%

(iii) Other

Other long-term investments are carried at cost or at cost less amounts written off to reflect a decline in value which is other than temporary.

Because of the number of shares held in certain companies, the quoted market values are not necessarily indicative of the value of such investments, which may be more or less than indicated by market quotations.

(b) Mineral Exploration Interests

During the year the Corporation changed its method of accounting for mineral exploration interests whereby direct exploration expenditures and the cost of acquisition of mineral exploration interests are charged to income in the year incurred. Previously, such costs were deferred in the accounts until such time as the Corporation determined it had no further interest in the property, project or lease.

As a result of this change, which has been applied retroactively, mineral exploration interests have been written down to nominal value and net income for 1979 and 1978 has been decreased by $466,000 ($0.19 per share) and $11,000 (no effect on per share earnings) respectively.

(c) Mineral Resource Interests

The cost of acquisition of mineral interests which contain economic mineral reserves and the cost incurred on mineral exploration interests subsequent to the determination that such interests contain economic mineral reserves are deemed to be mineral resource interests. These interests, together with development expenditures thereon, are deferred and carried as an asset to be amortized against future production. Upon disposal or abandonment, the net gain or loss related to such asset is reflected in the statement of income.

(d) Oil and Gas Interests

The Corporation follows the full cost method of accounting for oil and gas interests whereby all costs of exploring for and developing oil and gas reserves are capitalized. Such costs include land acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties and costs of both productive and unproductive drilling. Proceeds received on disposal of properties are credited against such costs.

Depletion of costs accumulated is provided using the composite unit of production method based on total proven reserves of oil and gas. Depreciation of petroleum equipment is provided on the composite unit of production method based on total proven reserves of oil and gas.

(e) Earnings per Share

Earnings per share are calculated using the weighted average number of common shares outstanding during the year net of common shares purchased and held by the Corporation. Dividend requirements of first preference shares are deducted for purposes of these calculations.

2. Acquisitions

(a) Jennex Petroleum Ltd.

Effective June 30, 1979 the Corporation acquired 100% of Jennex Petroleum Ltd. for a net cash consideration of $1,567,000. Jennex was wound up into the Corporation in December, 1979. The Corporation has accounted for this acquisition using the purchase method of accounting and has consolidated the results of Jennex's operations from the acquisition date.

The Corporation has assigned the following costs to the net assets of Jennex at the date of acquisition:

Current assets	$ 50,000
Current liabilities	83,000
Net working capital deficiency	(33,000)
Oil and gas interests	
Property interests and deferred costs	1,453,000
Production and other equipment	147,000
Net cash consideration	$1,567,000

(b) Consolidated Canadian Faraday Limited

On September 30, 1979 the Corporation acquired effective control of Consolidated Canadian Faraday Limited. The excess of the cost of the investment in Faraday over the Corporation's equity in the net book value of the underlying assets of Faraday amounting to $1,348,000 has been allocated principally to resource assets and is being amortized on the units of production basis.

3. Investments

	1979	1978
Companies subject to significant influence		
With quoted market value (quoted market value $3,282,000; 1978, $156,000)	$ 3,836,000	$ 132,000
Without quoted market value and advances	128,000	148,000
	3,964,000	280,000
Other investments		
With quoted market value (quoted market value $11,805,000; 1978, $5,964,000) (note 5)	6,792,00	5,136,000
Without quoted market value and advances	230,000	819,000
	7,022,000	5,955,000
	$10,986,000	$6,235,000

4. Oil and Gas Interests

	1979			1978
	Property Interests and deferred costs	Production and other equipment	Total	Total
Balance at beginning of year	$4,476,000	$617,000	$5,093,000	$5,594,000
Add:				
Acquisitions in year	1,681,000	174,000	1,855,000	304,000
Current year's expenditures	702,000	113,000	815,000	365,000
	6,859,000	904,000	7,763,000	6,263,000
Deduct:				
Proceeds on disposition	(319,000)	(27,000)	(346,000)	(1,170,000)
Accumulated depletion and depreciation	(638,000)	(87,000)	(725,000)	(416,000)
Balance at end of year	$5,902,000	$790,000	$6,692,000	$4,677,000

5. Minority Interest

On May 5, 1978 I. M. M. Ventures Limited, a subsidiary of the Corporation, issued $10,000,000 of cumulative redeemable non-voting first preference shares. The annual dividend rate on these shares from the date of issue to June 30, 1980 will be an amount equivalent to 1⅜% plus ½ the prime rate of a Canadian chartered bank and thereafter to redemption at 1½% plus ½ the prime rate.

These shares must be redeemed by Ventures on June 30, 1983, but may be redeemed, at the option of Ventures, after June 30, 1980 and under limited circumstances prior thereto. All redemptions of these shares are at par value plus all accrued and unpaid dividends.

The provisions of these shares include a number of restrictions and covenants relating to the operations of Ventures. Contravention of any of these provisions provides the holder of these first preference shares with the right to require their immediate redemption by Ventures.

The Corporation has agreed with the holder that, under certain circumstances, it will purchase the first preference shares from the holder and has secured this obligation by a pledge of certain of its commercial paper and investments with a quoted market value having a value of approximately $10,000,000.

6. Capital Stock

(a) Authorized and Issued

Authorized
956,450 First preference shares, par value $20 each
4,000,305 Common shares, without par value

	No. of shares	Amount
Issued		
6% Cumulative redeemable convertible first preference shares, Series A		
Balance at beginning of year	289,300	$ 5,786,000
Converted into 55 common shares	(50)	(1,000)
Purchased for cancellation	(32,800)	(656,000)
Balance at end of year	256,450	5,129,000
Common shares		
Balance at beginning of year	2,608,222	11,072,000
Issued on conversion of 50 Series A shares	55	1,000
Issued on exercise of employee stock option	30,000	86,000
Balance at end of year	2,638,277	11,159,000
		$16,288,000

The Corporation is holding 141,200 of its issued common shares, which shares have not been cancelled, at a cost of $848,000.

To April 1, 1983 each Series A share is convertible into 1 1/9 common shares of the Corporation.

Pursuant to the terms of issue of the Series A shares, the Corporation has undertaken, in each of the twelve month periods from April 1, 1979, to make all reasonable efforts to purchase for cancellation in the open market that number of shares which may be purchased out of the lesser of $300,000 or 10% of the consolidated net earnings available for dividends (as defined) for the immediately preceding fiscal year after deducting dividends paid in that year on the Series A shares. After taking into account purchases to April 10, 1980 (50,900 Series A shares purchased since the year end) the Corporation has satisfied the maximum amount of this undertaking for the periods ending April 1, 1981, 1982 and 1983.

(b) Employee Stock Options

Details of the common share options authorized under the employee incentive stock option plan are as follows:

Year of grant	Option price per common share	Number of shares optioned	Exercised during the year	Options outstanding	Expiry date
1977	$2.89	75,000	30,000	45,000	Sept. 29, 1982
1979	$5.51	10,000	Nil	10,000	Sept. 24, 1984

The 1977 options are exercisable on a cumulative basis as to 20% of the shares in any one year of the option period and the 1979 options as to 50% in any one year.

On February 25, 1980 options on 15,000 shares at $2.89 per share and 5,000 shares at $5.51 per share were exercised.

(c) Fully Diluted Earnings per Share

Fully diluted earnings per share, calculated as though all of the outstanding Series A shares and the employee stock options had been converted or exercised at the beginning of the year are:

	1979	1978
Income before extraordinary item	$2.89	$1.35
Net income for the year	$2.89	$1.61

7. Share of Loss of Companies Accounted for on the Equity Basis

Share of income of companies subject to significant influence	$ 62,000
Less amortization of excess of cost of investment over equity in net book value of underlying assets of such companies	187,000
	$125,000

8. Income Taxes

At December 31, 1979 resource assets are carried at $6,693,000 (1978, $7,211,000) in the consolidated balance sheet, of which $2,572,000 (1978, $1,661,000) is deductible for income tax purposes.

In addition, the Corporation has other deductions available to reduce or eliminate income taxes that would otherwise be recorded as a charge against income of future years. Details of these deductions, the tax effect of which has not been reflected in the consolidated financial statements, are as follows:

Resource expenditures and capital cost allowances (available indefinitely)		$ 9,508,000
Non-capital losses which expire as follows:		
1981	$366,000	
1982	714,000	
1984	18,000	1,098,000
Balance, December 31, 1979		$10,606,000

These deductions are available to reduce or eliminate income taxes otherwise payable in future years. Since reductions or eliminations of this nature are expected to recur on a regular basis over an extended period of years and are typical of the Corporation's normal business activities, they are not considered to be extraordinary in nature and are reflected as a reduction of current income taxes when realized. Approximately $6,945,000 (1978, $4,626,000) of deductions of this type were applied to eliminate income taxes that would otherwise have been recorded as a charge against income of the current year.

9. Comparative Figures

The 1978 comparative figures have been restated to reflect the change in accounting practice referred to in note 1(b) and have been reclassified to conform with the financial statement presentation adopted for 1979.

10. Other Statutory Information

(a) Aggregate direct remuneration of the Corporation's directors and senior officers during the year amounted to $253,000 ($166,000 in 1978).

(b) Certain officers are indebted to the Corporation in the amount of $225,000 with respect to loans provided to assist such officers in the exercise of stock options or in the purchase of homes for their own occupation.

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